CMHC HOUSING OUTLOOK: NATIONAL EDITION

Canada Mortgage and Housing Corporation

Housing construction to remain strong

Second Quarter, 2004

Overview

Housing starts:
2004: 208,500
2005: 192,200

Resales:
2004: 438,400
2005: 419,600

Housing starts: Housing starts will remain strong in 2004 but below last year's level. Starts will continue to slow in 2005, due in part to less spillover of demand from the existing home market.

House prices: While listings of existing homes have risen, resale markets in many markets remain tight. Therefore, growth in house prices will continue to exceed overall inflation this year, however, as sales edge lower and new listings rise, price pressures will ease.

Resales: Sales of existing homes will remain near record levels in 2004. However, in 2005, the combination of rising prices and mortgage rates will lead to lower sales of existing homes.
(Details on Page 3)

The Nation's HOT SPOTS

British Columbia: Domestic demand in B.C. will remain strong in 2004, boosted by low mortgage rates, growth in full-time employment and income. As a result, B.C. will lead the country in terms of growth in housing starts this year. (Details on Page 9)

New Brunswick: Despite modest economic growth, low mortgage rates and continuing intra-provincial migration to the larger urban centres will continue to stimulate housing starts in 2004. (Details on Page 15)

3	NATIONAL OUTLOOK
4	TRENDS IMPACTING HOUSING
6	SPECIAL REPORT: 2004-2008 OUTLOOK
9	PROVINCIAL REPORTS
9	British Columbia
10	Alberta
11	Saskatchewan
12	Manitoba
13	Ontario
14	Quebec
15	New Brunswick
16	Nova Scotia
17	Prince Edward Island
18	Newfoundland and Labrador
19	FORECAST TABLES

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Canada

CMHC — HOME TO CANADIANS

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National Housing Outlook

In Detail

Housing starts will decrease from last year's rapid pace of over 218,000 units. Nevertheless new home construction will remain robust in 2004 with starts of 208,500 units. In 2005 starts will continue to slide, reaching 192,200 units.

Starts of single homes will continue to edge lower

Single detached starts, will continue to slide, reaching 119,400 units (-3.1 per cent) in 2004 and 110,000 units (-7.9 per cent) in 2005. The decrease in single starts this year and next reflects rapidly rising home prices which shift some of the demand for single homes toward less expensive multiple housing. The improved balance between individuals looking for a home and new listings in the existing home market this year and next will reduce the spillover of buyers from the existing home market into the new home market which will contribute to the decrease in single starts. Contrary to the national trend, starts of single homes are expected to increase in a number of provinces in 2004. The largest increase will be in British Columbia and New Brunswick, where single starts will rise 8.8 per cent and 1.9 per cent, respectively. Single starts will also rise modestly in Quebec and Saskatchewan. Single starts will be down this year in the remaining provinces, with the largest decreases coming from Newfoundland (down 15.2 per cent or 340 units), Nova Scotia (down 12.4 per cent or 370 units), Alberta (down 8.8 per cent or 1,900 units) and Ontario (down 5.5 per cent or 2,600 units).

Multiple starts peaked in 2003

In 2003, multiple dwelling starts, which include starts of semi-detached and row homes as well as apartments, were at their highest level since 1987. Multiple starts, which reached 95,200 units in 2003, up 19.5 per cent from the previous year, are expected to decrease to 89,100 units in 2004 and to 83,400 units in 2005. Since 1998, apartment starts had been the fastest growing segment of the multiple dwellings market. Most of the apartment units started (58 per cent) were condominiums. In 2002 and 2003, there was a significant pick-up in starts of owner-occupied semi-detached and row houses, reflecting increased demand by home buyers for relatively less expensive homes. While multiple dwelling starts will moderate this year and next, they will still remain well above the levels observed over the 1990 to 2002 period.

MLS® sales will remain near record levels this year

Tight labour markets and low interest rates have boosted housing demand and pushed MLS® sales in Canada's 10 provinces to a record high of 439,548 units in 2003, surpassing the previous year's record of 421,489 units. High levels of demand will continue to support strong sales in the existing home market in 2004 and MLS® sales will only decrease marginally to 438,400 this year making 2004 the second best year on record. Moderate increases in mortgage rates next year will contribute to further reducing demand for home ownership and MLS® sales will slide to 419,600 units in 2005.

More modest price gains for 2004 and 2005

Resale markets in 2003 were quite tight in many centres. However, increased new listings, coupled with a gradual easing in the pace of MLS® sales will move the existing home market closer to a balanced position causing price gains to decelerate. We expect an average price increase of 7.7 per cent this year and 4.2 per cent in 2005.

Spotlight: Low Mortgage Rates Boost Housing Starts, But How Much?

Mortgage rates clearly have a significant impact on the level of activity in the housing market. But what is the size of this impact, and is it measurable? Recent analysis by CMHC sheds new light on this important subject.

There are a number of economic factors that can affect housing markets. Some of these include migration, employment growth and income levels, house prices, and rent levels. However, given the prevailing low levels of mortgage rates, it is important to understand to what extent these are driving demand for new homes.

Our analysis, which covers the period between 1986 and 2003, estimates the impact of a 1 percentage point change in the 5-year mortgage rate on housing starts.

- According to our results, a decrease of 1 percentage point in the 5-year mortgage rate corresponds to an increase in housing starts of between 8,000 to 12,000 units over the 12 month period following the change.
- On the other hand, a 1 percentage point increase in the 5-year mortgage rate was found to have the opposite effect, causing housing starts to decrease by 8,000 to 12,000 units.

Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca

Trends Impacting Housing

The Economy

While GDP growth in Canada was a lackluster 1.7 per cent in 2003, final domestic demand (a measure of aggregate output that excludes the impacts of changes in inventories and of foreign trade) was quite robust, growing by 3.6 per cent. The sudden and rapid appreciation of the Canadian dollar last year contributed to the slow pace of GDP growth by both weakening demand for Canadian exports abroad, particularly in the US, and making imported goods less expensive here at home. As expected, momentum in the Canadian economy began to increase in the fourth quarter of 2003 due in part to the rapid improvement in U.S. economic growth. Growth for Canada is expected to strengthen, rising to 3.0 per cent for 2004 and 3.5 per cent in 2005.

One of the key risks that could jeopardize our economic forecast would be renewed upward pressure on the Canadian dollar, or a faltering of the recovery now underway in the U.S. Either of these events would impact Canada through lower demand for our exports. Another near term risk is a small inventory cycle. Businesses accumulated higher levels of inventories than expected in the fourth quarter of 2003, pushing them above their sustainable level. A correction in inventories could lead to slightly lower growth in production in the first quarter of 2004 as these inventories are absorbed through sales.

Mortgage Rates

The Bank of Canada lowered its target for the overnight lending rate by 25 basis points to 2.00 per cent on April 13th, following similar moves on March 2nd and January 20th. In total, the Bank has lowered its target for the overnight lending rate by 125 basis points since July 2003. However, as the Canadian economy rebounds and the output gap (the difference between the actual and the potential GDP) shrinks, interest rates will need to rise to bring monetary policy to a more neutral stance starting late in 2004 or early in 2005. This will help to keep inflation within the target bands.

One, three and five-year posted closed mortgage rates are expected to be in the 4.00-4.50, 5.00-5.50, and 5.75-6.50 per cent range respectively this year. The mortgage rates are forecast to rise by 0.50-1.00 percentage points next year. Higher interest rates, which will increase the carrying cost of a mortgage, will contribute slightly to the decline in the demand for home ownership in 2005.

Migration

The immigration target for 2003 was for between 220,000 and 245,000 immigrants and the level of immigration came in near the low end of this range (221,000 arrivals). The immigration target for this year and for 2005 remains between 220,000 and 245,000 immigrants. A relaxation in the criteria for admission was implemented in the latter half of 2003, which will allow for an increase in the number of immigrants entering Canada in 2004 and 2005. Immigrant's housing demand tends to be initially for rental with movement into ownership about 10 years later.

Employment and Income

Employment growth accelerated in the final four months of 2003, pushing the employment-to-population ratio to an all-time high. In other words a record share of the Canadian population was employed. As a result, Canada's unemployment rate has fallen from 8.0 per cent in August of 2003 to its current level of 7.4 per cent. In spite of the strong employment growth late last year, most of which was full-time employment, growth in personal disposable income was sluggish. However, we expect growth in income to improve, and the recent strengthening of average weekly earnings seems to indicate that this improvement is underway.

Employment will grow by 1.9 per cent in 2004 and increase by 2.1 per cent in 2005. As a result, the unemployment rate will continue to edge lower reaching 7.4 per cent in 2005. Strong growth in income and employment this year and next will continue to support a high level of demand for ownership housing.

Consumer Confidence

Consumer confidence has ratcheted higher since the start of the year. Furthermore, sentiment with respect to the future is optimistic as more consumers feel that they will be better off in six months and that now is a good time to make major purchases. We expect that strong employment and income growth will continue to support high level of consumer confidence this year and next, helping to support strong demand for ownership housing.

Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca

Trends at a Glance

Key factors and their effects on residential construction

Factor	Comment
Mortgage rates	Mortgage rates are near 50 year lows, providing a significant boost to housing demand. Although rates will remain low, as they start to rise, some stimulus to housing demand will be removed in 2005.
Employment	Job creation is forecast to continue to remain strong. This will contribute to housing demand.
Incomes	Continued strong growth in full-time employment will translate into stronger income gains in 2004 keeping demand for ownership housing high.
Net migration	Immigration levels are already recovering from a temporary decline that followed the global geopolitical instability. Therefore, the short-lived decrease in immigration will not have a measurable impact on housing starts.
Natural population increase	Natural population growth is slowing, which will cause household formation to slow over time. However, the level of births that occurred 20 to 30 years ago are contributing to the increase in housing demand today.
Consumer confidence	Consumer confidence remains strong and will continue to support housing demand.
Resale market	A better balance between new listings and buyers in resale markets will eventually temper the demand for new housing.
Vacancy rates	Vacancy rates have risen in many centres and are highest in the most expensive segments of the rental market. This will curb multiple starts.

Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca

Special Report: 2004-2008 Outlook

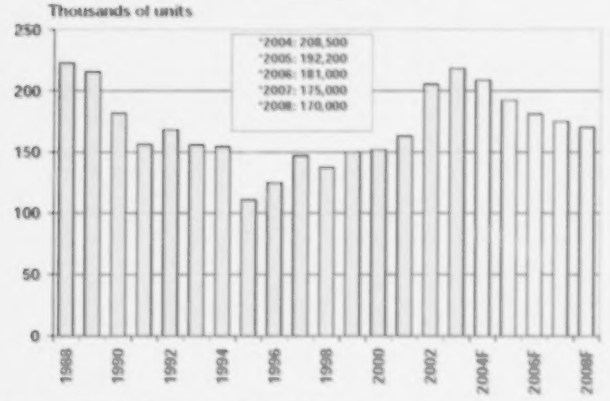
Residential construction will begin to decline through to 2008 after reaching a record level in 2003, as factors that drive housing demand will, on balance, be less stimulative.

Housing starts will remain above 200,000 units for a third consecutive year in 2004, a feat last accomplished in the 1987-89 period. Looking further ahead housing starts are forecast to decline gradually over the 2005-2008 period, reaching 170,000 units by 2008, which is well above the average level of starts for the 1990's.

After a lacklustre 1.7 per cent GDP growth in 2003, momentum has begun to increase following a strong fourth quarter in 2003 as the economy recovers from a series of negative shocks and benefits from the rapid improvement in the U.S. economy. GDP growth will continue to strengthen through the end of 2005, by which time the excess capacity in the economy will be exhausted. For 2006 and beyond, we expect GDP to grow at about 3 per cent annually, a pace that can be sustained without creating inflationary pressures. Employment growth will continue at a steady pace over the forecast period. However, given that labour markets in Canada are tight, both labour force and employment growth will be constrained, particularly in the 2006-08 period. Nevertheless, job creation will be sufficient to ensure a gradual erosion of the unemployment rate which will reach 6.6 per cent in 2007 and 2008.

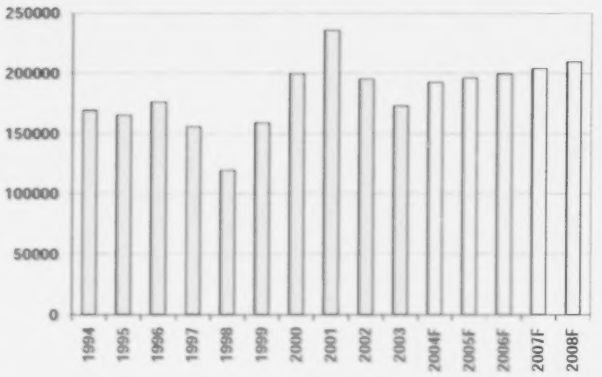
The combination of a growing economy, job creation and an attractive lifestyle will draw an increasing number of immigrants to Canada. British Columbia will experience a resurgence of international and inter-provincial migration after a period of decline in recent years. Alberta's strong economic growth will continue to attract the majority of inter-provincial migration.

Total Housing Starts, Canada



Source: CMHC Forecast 2004-2008

Total Net Migration, Canada



Sources: CMHC (forecast, 2004-2008), Statistics Canada

Remaining housing factors mixed

The combination of falling mortgage rates and rising house prices will come to an end. A period of rising mortgage rates and rising house prices is expected to begin in 2005. Housing demand will decline gradually as interest rates begin to creep upwards in 2005. Under these conditions, the cost of homeownership will rise, as will the carrying cost of a mortgage.

Appreciation of house prices has been strong in recent years and will continue to be so in the near future. However, new listings will continue to increase, while the pace of MLS sales is expected to taper off. As a result, the existing home market will move toward a balanced position, causing price gains over the forecast period to decelerate. Even as listings increase, a "spill over" of demand toward new construction is occurring, although this effect will weaken as markets become more balanced.

High levels of construction activity have caused skilled labour shortages in some markets, which in turn creates higher costs of construction and pushes up new home prices.

Inventories of new and unoccupied houses are low by historical standards. Vacancy rates, on the other hand, have increased slightly, but are still low historically. These factors, along with a limited supply of listings in the resale market, will mean housing demand will have to be met primarily through new construction.

Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca

Provincial Details: 2004-2008

Between 2003 and 2008, housing starts will trend lower in all provinces except British Columbia, where starts are forecast to increase by 14.6 per cent in 2004 and 2.3 per cent in 2005 afterwhich they will assume a downward trend. Nevertheless, starts in British Columbia will remain above 2003 levels at the end of the forecast period. The declining trend in housing starts reflects rising mortgage rates, which will increase the carrying costs of mortgages and a slower pace of employment growth over the medium term. Canada wide, housing starts will slow to about 170,000 units per year by 2008, well above the average of less than 150,000 units in the decade of the 1990s.

Newfoundland and Labrador

Provincial economic growth will be sluggish in Newfoundland over the forecast period, with the exception of 2006 when oil production at White Rose will come on stream. Weak growth will be reflected in meagre job creation and will lead to a net outflow of inter-provincial migrants. Together, these factors will lead to a decrease in housing starts to 1,900 units in 2008, down from nearly 2,700 in 2003.

Prince Edward Island

The Island's economy is expected to record positive economic growth over the entire forecast period. PEI posted a net increase in population between the 1996-2001 census and this trend of population growth is expected to continue over the entire forecast period. Net-migration should remain positive as people continue to return to the Island to either finish out their careers or retire. This increase in population should serve to maintain the demand for housing. Starts are expected to gradually decline to 600 units by 2008, down from the peak of over 800 units in 2003.

Nova Scotia

Economic growth will be subdued in the Nova Scotia economy over the next five years. Natural gas production forecasts have been scaled back and the pace of offshore exploration activity is also expected to continue to slow. With economic growth sputtering along in the two to two and a half percent range over the next four to five years, employment growth and, therefore, net migration will also remain fairly weak through 2008. This will have a dampening impact on the Nova Scotia housing market. Housing starts will decrease to 3,800 units in 2008, down from nearly 5,100 units in 2003.

New Brunswick

The provincial economy is forecast to grow modestly over the 2004-2008 period as exports continue to suffer, due to the sustained value of the Canadian dollar in the 75 cent range. Relatively modest economic and employment growth, increasing interest rates and negative population growth will cause housing demand to decline over the medium term. Consequently, expect total housing starts to trend down from a high of 4,625 units in 2004 to 3,500 units in 2008.

Total Housing Starts, Canada and the Provinces

	2002	2003	2004F	2005F	2006F	2007F	2008F
Newfoundland	2,419	2,692	2,400	2,300	2,100	2,000	1,900
Prince Edward Island	775	814	750	700	675	650	600
Nova Scotia	4,970	5,096	4,125	3,825	3,700	3,700	3,800
New Brunswick	3,862	4,489	4,625	4,200	4,000	3,750	3,500
Quebec	42,452	50,289	49,500	43,000	41,000	40,000	39,000
Ontario	83,597	85,180	77,000	71,000	65,000	63,000	61,000
Manitoba	3,617	4,206	4,000	3,780	3,500	3,450	3,400
Saskatchewan	2,963	3,315	3,050	3,150	3,000	2,900	2,800
Alberta	38,754	36,171	33,050	29,550	29,000	28,000	27,000
British Columbia	21,625	26,174	30,000	30,700	29,000	27,500	27,000
Canada	205,034	218,426	208,500	192,200	181,000	175,000	170,000

Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca

Quebec

Economic growth in Quebec will be close to, but slightly below the national average over the 2004 to 2008 period. Continued strong migration to the province and strong employment growth will support housing demand over the next five years. Nevertheless, starts are expected to decrease gradually, reaching 39,000 units in 2008, down from about 50,000 units in 2003.

Ontario

Ontario home sales and housing starts likely peaked for this cycle in 2003. While low mortgage rates will help keep home ownership demand at high levels in the near term, slower growth in employment, in-migration, and population will reduce housing demand over the longer term. Moreover, a shrinking pool of lots designated for residential use combined with more accommodating resale markets suggests new housing will be added to the existing stock at a slower pace. Look for Ontario home starts to decrease to 61,000 units by 2008, down from over 85,000 units in 2003.

Manitoba

Manitoba's diversified economy will continue to see steady growth, although at a modest pace. Several major construction projects scheduled to commence over the next few years will contribute to job growth and stability. Decreasing inter-provincial out-migration and the provincial government's ambitious international migration targets will support housing demand over the next five years. Housing starts will decrease to 3,400 units by 2008, down from about 4,200 units in 2003.

Saskatchewan

Saskatchewan will benefit from steady but modest economic growth over the next five years. Nevertheless, we expect a gradual decrease in housing starts over the medium term. An aging, baby-boomer population should lead to increasing emphasis on multi-family condominium and life-lease developments. Housing starts will decrease to 2,800 units by 2008, down from about 3,300 units in 2003.

Alberta

Alberta's economy will continue to thrive over the medium term, but at a more moderate pace. Slower growth and lower net migration levels will cause housing activity to ease. The thriving energy sector will continue to be a strong driver of the local economy making the province attractive to job seekers. Over the next five years, look for annual housing starts to decrease from nearly 36,200 units in 2003 to 27,000 units in 2008.

British Columbia

New home construction in British Columbia is on an upswing. Falling interest rates continue to tap into the province's pool of pent-up demand for housing. Builders and real estate developers are responding with increased construction activity. Going forward, the return to positive net interprovincial migration will increase growth in population and sustain the housing starts recovery in BC longer than in the rest of Canada. The province has recorded three years of 20 per cent or higher growth in new home construction. Housing starts are projected to rise in 2004 and 2005, afterwhich they will gradually decline, reaching 27,000 units in 2008.

Forecast Risks

Weaker than expected U.S. economy

A key risk to the five-year forecast is a potential stalling of the U.S. recovery. Continued weak job growth in the U.S. could soften consumer spending. Weaker consumer spending in the US would lessen demand for Canadian exports, leading eventually to poorer economic and employment growth in Canada. This in turn could lower consumer confidence levels in Canada and dampen enthusiasm for housing investment.

More rapid rise in interest rates

The current forecast assumes a gradual rise in interest rates, however, if rates were to rise more abruptly, housing starts could be weaker than forecast. Many forecasters expect that excess capacity in the Canadian economy will be taken up by the end of 2005. If monetary conditions are still too stimulative when this happens, the Canadian economy could overshoot its potential, resulting in upward price pressures. If these price pressures are strong enough to warrant increases in interest rates, mortgage rates could also rise causing housing starts to fall below the levels forecast in the 2006 to 2008 period.

Higher than expected international migration

The escalation of unrest in many parts of the world only serves to boost the perception of Canada as a good destination. This combined with the lowering of the standards for admitting immigrants into Canada will lead to increases in international migration to Canada. Should immigration be stronger than expected, demand for housing, particularly for rental housing, could be stronger in the short-term and medium term.

Contact: Bob Dugan (613) 748-4009, bdugan@cmhc-schl.gc.ca

British Columbia

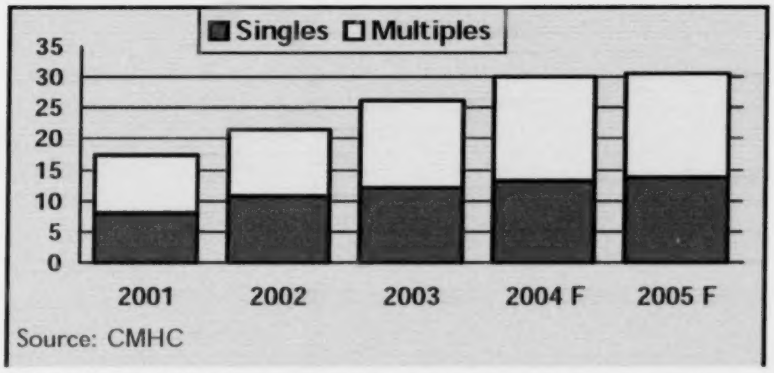
Overview

Interprovincial Migration will boost Demand for Housing in B.C.

Interprovincial net migration turned positive in 2003, with a net inflow of just over 2,000 people. This was the first net inflow since 1997. This movement of people into British Columbia will increase as economic conditions in the province improve relative to the rest of Canada.

In 2004, the B.C. economy will expand by 3.0 per cent, up from 2.2 per cent in 2003. Low interest rates and a high level of consumer confidence will fuel consumer spending and residential investment. International trade will contribute to overall economic growth thanks to increased demand from the US, the province's largest trading partner. Rising commodity prices, including lumber, oil and natural gas, are helping to offset the higher value of the Canadian dollar and its impact on the province's export-oriented industries. In 2004, the Canadian dollar is not expected to appreciate further, however, it was up roughly 20 per cent in 2003. As well, British Columbia's expanding service sector will result in a more diversified economic base.

B.C. Starts (000's)



Source: CMHC

British Columbia's labour market will continue to improve alongside stronger economic growth. Following a 2.5 per cent increase in employment in 2003, employment is projected to increase 2.0 per cent per year, generating an additional 82,000 jobs during the next two years. The unemployment rate will decline as the labour force expands at a slower pace than job growth. Improved employment prospects will help attract people to the province. Total net migration is projected to reach 33,000 people in 2004 and 35,300 people in 2005.

The inflow of people from other parts of Canada will prolong British Columbia's housing expansion beyond that of the rest of Canada. Housing starts will reach 30,000 units in 2004, a 14.6 per cent increase. In 2005, new residential construction will grow 2.3 per cent (to 30,700 units), as gradually rising interest rates moderate consumer demand.

In Detail

Single Starts: Single-detached homes will remain the most desirable product type in 2004. Demand will begin to shift away from this market segment toward lower priced product type as interest rates rise late in the year. The forecast of 13,325 single-detached starts in 2004 represents an 8.8 per cent increase from 2003 levels. In 2005, an additional 13,700 single starts will be added to the provincial housing stock.

Multiple Starts: Momentum in new construction of multiple unit projects will continue in 2004 as developers respond to demand. Construction activity will grow at a slower pace in 2005 as interest rates rise. In 2004, multiple unit starts will increase 19.8 per cent to 16,675 units and 1.9 per cent in 2005 (to 17,000 units). Most of the new multiple activity will be in the condominium category.

Resales: High levels of consumer confidence and the continuing low interest rate environment will result in high levels of resale activity in the next two years. Resale activity will moderate to 89,200 units in 2004 and 85,000 units in 2005 after reaching an 11-year high of 93,095 units in 2003.

Prices: Upward pressure on house prices will continue during the next two years. Sellers' market conditions will persist in most markets around the province. High prices will eventually entice more listings to the market, bringing the market into balance and moderating price gains. The average MLS® price will increase above the general rate of inflation, rising 10.8 per cent in 2004 and 5.9 per cent in 2005.

Provincial Highlight

Confident consumers and low interest rates have resulted in active housing markets and driven down inventory levels. Absorption of new product has been above the 12-month average and inventories of completed and unoccupied units are at historically low levels. At the end of February, the Vancouver CMA had just 83 vacant apartment condominium units, down from 248 complete and unoccupied units one year earlier. While builders are responding to the low inventory levels with increased supply, much of the 8,143 apartment condominiums under construction in February 2004 have been pre-sold. Pre-selling, selling the unit before it is built, is a growing practice in the downtown Vancouver market.

Contact: Carol Frketich (604) 737-4067, cfrketic@cmhc-schl.gc.ca

Alberta

Overview

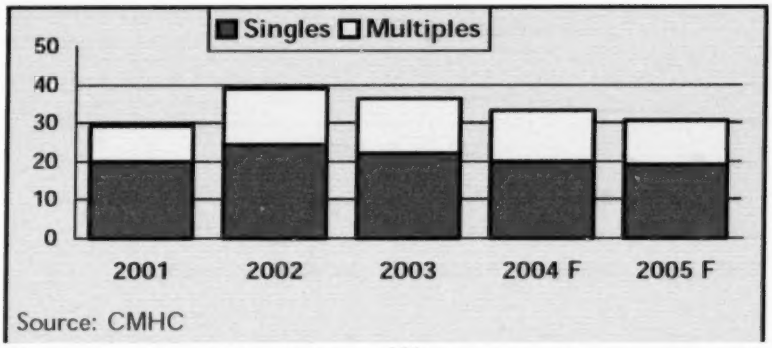
Starts remain at robust levels

High oil and gas prices will keep drilling activity in Alberta strong, offsetting some of the other economic concerns. Crop production in 2003 also recovered nicely. The rising Canadian dollar and stumbling U.S. economy has hurt exports. As the American economy recovers, so will exports. The negative impact of BSE (bovine spongiform encephalopathy) continues to hurt Alberta's livestock industry and the outlook on the border opening remains uncertain. Uncertainty, whether geopolitical or BSE-related, has a negative impact on consumer confidence. However, retail sales in the province have posted strong growth numbers.

Net inter-provincial migration in 2003 fell to about half its level of two or three years ago. This was only partially offset by higher international migration. With fewer people moving into the province, job growth is forecast to moderate in 2004 and 2005 after leading the country last year. With an expanding economy and one of the lowest unemployment rates in Canada, Alberta remains the destination of choice for Canadian job seekers. Thus, Alberta will continue to draw high levels of job seekers from the rest of the country.

Housing remains a particularly bright spot in the economy, thanks to mortgage rates near historic lows. Residential construction activity remains very strong, but has been easing since 2002 when Alberta registered 38,754 housing starts, a 23-year high. The 36,171 starts recorded in 2003 represent the second best year since 1981, and 2004's 33,050 starts will be the third best in over twenty years.

Alberta Starts (000's)



Source: CMHC

In Detail

Single Starts: Alberta has averaged about 20,000 single-detached home starts over the last five years. Higher inventories in both the new and resale single-family markets have prompted builders to reduce single-family production levels. Single starts activity was subdued at the beginning of this year, but is expected to gain momentum as the year progresses thanks to falling mortgage rates. Single starts will reach 20,000 units in 2004 and 19,000 in 2005.

Multiple Starts: After rising to a 21-year high of 14,253 multiple housing starts last year, multiple starts are expect to moderate somewhat. Higher supply levels in the rental, new, and resale housing markets will result in builders scaling back new construction to allow for completed units to be absorbed. Thus, multiple starts are forecast to fall 8.8 per cent this year to 13,000 units and an additional 9.6 per cent next year to 11,750 units.

Resales: Declining mortgage rates, a growing economy, and improved listings boosted Alberta's resale market to a record high 51,334 sales last year. With extremely low mortgage rates, healthy levels of net migration, and a strong local economy, resale activity is expected to come in at a still high 50,000 sales this year, and 49,000 sales in 2005.

Prices: The hot resale market in 2002, combined with a lack of new listings, resulted in strong upward price pressure and double digit price increases. With the number of new listings on the rise throughout 2003, prices rose by a more modest seven per cent. Higher inventories of new homes, marginally fewer resales, and more listings will result in prices rising by six per cent ($194,000) this year and five per cent next year ($204,000).

Provincial Highlight - Edmonton

In Edmonton, Condominiums priced under $100,000 were the most popular units in 2003, capturing 30 per cent of the condominium sales. Condos typically provide an affordable housing option for many first-time buyers. With last year's surge in both new and resale single-family house prices, the appeal of moderately priced condominiums has grown. In fact, by the end of 2003, average condo prices on the MLS® increased by 13.6 per cent to $124,671 in Edmonton. Demand for resale condominiums reached record levels in 2003, with sales reaching 4,268 units. For those looking to purchase a condominium this year, they will have a greater selection in units as the supply of listings has improved. New condominiums were up by 30 per cent in 2003 and listings are up 10 per cent (year-over-year) in the first two months of 2004. Increased competition between the new and used condominium markets in Edmonton indicate that future price increases will be more moderate.

Contact: Brent Weimer (403) 515-3004, bweimer@cmhc-schl.gc.ca

Saskatchewan

Overview

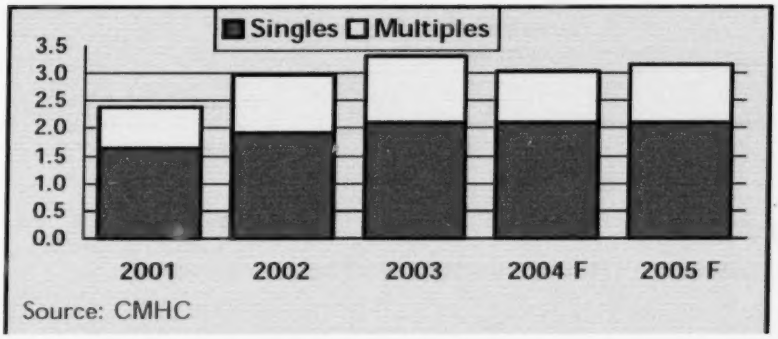
Starts activity to remain firm

After declining for two consecutive years, economic growth in Saskatchewan returned to positive territory in 2003. One particularly bright spot in the economy last year was the residential construction sector with 3,315 housing starts. Looking forward into 2004 and 2005, the new home market is set to post its best three-year performance since the mid-1980s as total starts are forecast at 3,050 units in 2004 and 3,150 units in 2005.

Economic growth in Saskatchewan has led to job recovery and total employment now stands above the levels seen in 2000. At 5.6 per cent, the unemployment rate is the second lowest among the provinces and well below the national average. Look for manufacturing to make a moderate comeback in the goods sector while the service sector should record increases in health and education. Downsizing is a risk as investment intentions are projecting a slide in 2004.

Saskatchewan net migration levels have been negative for several years and the population has been declining as a result. Nevertheless, the number of households has been rising because household size has declined. Consumer spending is at a record level as are retail sales thanks to a recovery in the job market.

Saskatchewan Starts (000's)



Source: CMHC

In Detail

Single Starts: Notwithstanding a slow first quarter, 2004 single-family starts are forecast to maintain the brisk tempo seen in 2003. The current slowdown is largely due to a shortage of land in Regina and Saskatoon that developed in 2002 and 2003. New subdivisions are on-stream, addressing the deficiency. Single-family absorption is on the rise, reducing any excess inventory that exists in these centres. This will ensure a ready market for units now under construction. About 2,100 single-family housing starts are expected in 2004 and 2005.

Multiple Starts: In 2003, Saskatchewan recorded the highest level of multiple starts seen since 1988. Row condominium starts dominated with 557 starts, although condominium apartment starts were also strong with close to 400 units started. As a result, almost 500 condominium apartment units and just over 200 condominium row units were at various stages of construction, or completed and unoccupied at year-end. This abundant supply and land constraints in the first half of 2004 will slow multiple starts slightly in 2004 to 950 units rising again to 1,050 units in 2005. The absorption trend has risen to meet supply and balanced conditions will persist throughout 2004.

Resales: Listings shortages have served to limit resale volumes between 2001 and 2003. CMHC expects buyers of new condominiums will supplement the supply of good quality listings in 2004 giving rise to a four per cent increase in resale activity to 8,000 units. Resales will slip to 7,700 units in 2005.

Prices: With average resale prices of $109,000 and $113,000 forecast for 2004 and 2005 respectively, Saskatchewan will remain one of the least expensive provinces for homeownership in Canada. Average price increases just in excess of provincial inflation and modest job gains will keep most major resale markets in a balanced state in 2004 and 2005.

Provincial Highlight

The latest information from Statistics Canada on homeowner expenditures on repair and renovations indicates that Saskatchewan homeowners spent an estimated $690 million on various repairs and renovations to their homes in 2002. This represents a 20 per cent increase over the 2001 figure. The 2000 to 2001 increase was more than 30 per cent. More than 70 per cent of the province's homeowners spent an average of $2,426 maintaining and improving their homes. Our analysis suggests that the forecast for increased employment, existing housing sales and housing starts are all conducive to increased repair and renovation spending in Saskatchewan.

Contact: Paul Caton (306) 975-4897, pcaton@cmhc-schl.gc.ca

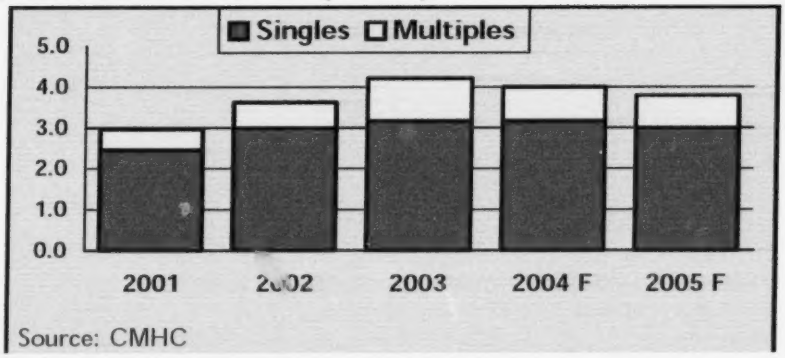
Manitoba

Overview

Starts to stay above the 5-year average

Manitoba is forecast to grow by 2.5 per cent for 2004 and 2005, falling short of the national average in both years. Gains will come from the manufacturing and utilities sectors which are expected to rebound from a difficult 2003, which was beset by a rising dollar and low lake levels. Strong metal prices will also assist in the recovery of the mining sector. Employment growth will remain modest, lagging well behind the national average. A lack of skilled workers is hampering job creation as the province will continue to have one of the lowest unemployment rates in the country. Manitoba recorded a 20-year high in net in-migration in 2003, the result of fewer losses to other provinces and a successful Provincial Nominee Program bringing in more international migrants. These population gains combined with low unemployment and real gains in average weekly earnings will bolster consumer confidence and keep housing starts above the five-year average of 3,300 units. Starts will fall to 4,000 units in 2004 and to 3,780 units in 2005.

Manitoba Starts (000's)



Source: CMHC

In Detail

Single Starts: Below normal temperatures early this year slowed housing starts slightly, but starts are now recovering. Builders have been working at capacity for nearly two years and will continue to do so into 2004. Demand for new homes remains strong, fuelled by low mortgage rates and a scarcity of resale listings. In 2004, the increasing scarcity of serviced lots, especially in south-west Winnipeg, will affect the ability of the market to respond to demand. The industry is attempting to bring new lots into the market. However, the time lag involved in municipal approval, road construction and servicing, will mean that these lots will not be available until 2005 causing land prices to continue to increase. Low mortgage rates will not be enough to offset rising costs which, combined with weaker job growth in 2003, will cause demand for single-family homes to soften later in 2004. Thus, starts will slow by five per cent to 3,150 units in 2004 and to 3,000 units in 2005.

Multiple Starts: In 2004 most new multi-construction will be in response to a strong senior's market. Many empty-nesters will be encouraged to sell their homes and take up apartment living due to a resale market that favours the seller. A tight rental market will also support multiple-family construction and government sponsored affordable housing projects. As a result, the forecast is for 850 units in 2004 and 780 units in 2005, less than in 2003, but well above the five-year average of 650 units.

Resales: In Manitoba, Winnipeg MLS sales comprise approximately 90 per cent of all sales in the province. Sales in Winnipeg continue to be hampered by a shortage of listings, especially in the mid-range market. While resale markets in other parts of the province are balanced, the extremely low supply of listings in Winnipeg indicates that provincial MLS sales will remain flat at 11,600 units in 2004 and 11,800 units in 2005.

Prices: Market conditions in Winnipeg indicate what will occur to provincial MLS prices going into 2004. The extreme sellers' market conditions in Winnipeg will continue well into this year, and listings will not recover until overall housing demand softens. Thus, the average MLS price in 2004 is forecast to rise by 9 per cent to $116,000 and to $123,000 in 2005.

Provincial Highlight

Statistics Canada recently released revised population data for cities factoring in the 2001 Census data. The new population estimates for the city of Winnipeg differ significantly from previous levels. In fact, the new population estimate for 2003 is now at 644,500 persons, some 13,000 more than was previously reported. Growth rates have also increased. Where the previous assumption was a growth rate of 0.25 per cent per year, the revised growth rate is 0.5 per cent per year since 1998 and 0.75 per cent over the last year. This rate of increase has not been seen since the late 1980's

Most of the population increase is due to positive net migration. While net inter-provincial migration is still negative, the rate of losses has slowed over the last few years, and net international migration has increased. This situation is having a significant impact on the housing markets in Winnipeg, and helps explain what has been driving demand in the last few years.

Contact: Dianne Himbeault (204) 983-5648, dhimbeau@cmhc-schl.gc.ca

Ontario

Overview

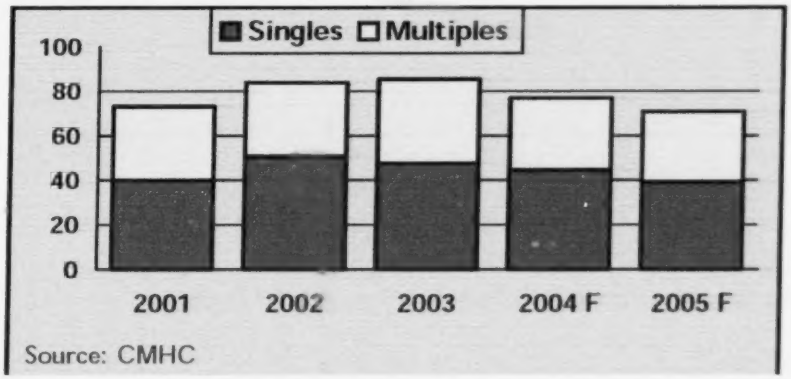
Low interest rates help sustain demand for detached housing in immediate term

After peaking for this cycle in 2003, Ontario housing starts are expected to stay reasonably high at 77,000 units in 2004 and 71,000 units in 2005. A shrinking pool of first time buyers, and less spillover demand from existing home markets will weigh on construction activity and bring starts more in line with demographic trends. Slower migration will also contribute to the decrease in starts.

Jobs are key to housing demand. Full time employment has picked up as the impact of SARS, the power blackout and a strong loonie dissipate.

Ontario's leading economic indicators are for the most part positive. Despite a strong loonie, manufacturers have become upbeat with many reporting rising orders, production and an order backlog.

Ontario Starts (000's)



Source: CMHC

Stock markets are up hinting at improved corporate performance and a reduction in business bankruptcies. Retail sales and consumer confidence remain high. However, momentum in spending has slowed as indicated by a recent pullback in Ontario motor vehicle sales.

On the demographic front, net migration into Ontario is down from a spike in 2001. A recent decision by Immigration Canada to relax entrance requirements has helped boost immigration over the last few quarters. This should help more than offset out migration to the rest of Canada.

In Detail

Single Starts: Low mortgage rates, strong incomes and favourable demographics should keep detached home demand firm this year. Rising carrying costs will begin to weigh on this segment through 2005 and beyond. Single starts will inch lower to 45,000 units before dropping to 39,500 units in 2005.

Multiple Starts: Multiple home starts will not fare as well in 2004 and should level out in 2005. Condominium resale listings have recently edged higher in Ontario's major urban markets suggesting less spillover demand into the new home apartment market. Rising vacancies are also expected to weigh on private rental construction. Multiples will drop 14.8 per cent to 32,000 units this year before stabilizing at 31,500 units in 2005.

Resales: Home shoppers will remain very active this year and next thanks to low interest rates, ample product choice and healthy levels of consumer confidence. Ontario February year to date MLS sales are running just shy of last year's record pace. MLS sales will be on par with last year's volumes reaching 185,000 units in 2004 before dropping to 176,000 units in 2005.

Prices: The province's seasonally adjusted sales-to-new listings ratio, a leading indicator of home prices, is in a range which suggests further home price increases. An increasing home price trend since 1996 combined with a growing pool of second round buyers, are fuelling Ontario prices. Ontario home price growth, while slowing, should continue to exceed the rate of inflation with prices rising by 6.9 and 3.5 per cent this year and next respectively.

Provincial Highlight

Few private rental starts in the late 90s coupled with tight Ontario rental markets prior to 2002 have encouraged investor interest in existing high-rise rental. Much of the increase in investor interest has come at a time when many renters are moving into ownership housing. The result has been higher Ontario vacancies and slower growth in rental income. Increasing returns on other comparable assets like equities combined with downward pressures on rental income could constrain future price appreciation in residential investment properties.

Contact: Ted Tsiakopoulos (416) 218-3407, ttsiakop@cmhc-schl.gc.ca

Quebec

Overview

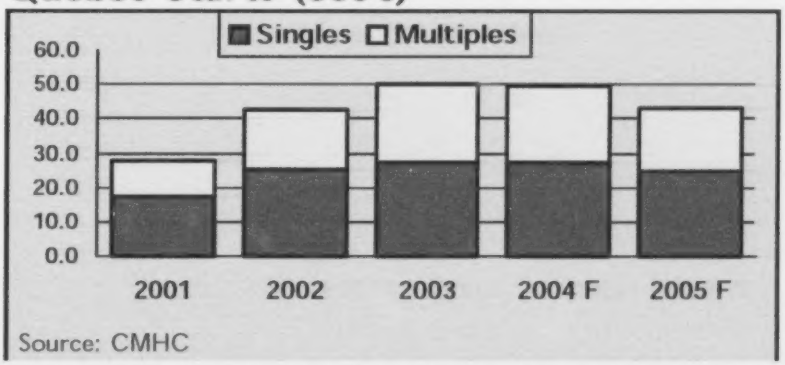
Housing sector to remain robust in 2004

The particularly favourable demographic, economic and market conditions which have recently propelled Quebec's housing sector will continue to have an effect on its markets in the short run. Sustained activity is expected on both resale and new home markets, and residential construction should come in at around 49,000 housing starts in 2004.

In 2004, Quebec's domestic economy will be sustained by continued low interest rates, and growing private sector investment. However, given the increasing importance of international trade for the province's economy, much will depend on the strength of the economic recovery south of the border. With a recovery in job creation finally taking root in the U.S., it is expected that demand for Quebec exports will be on the rise again. As the government concentrates most of its efforts on deficit control, investment in the public sector will be down in 2004.

As a result, GDP in Quebec should grow by 3.0 per cent in 2004. Labour markets are expected to benefit from the recovery of international trade, especially in goods producing sectors. Nevertheless, productivity issues and increased competition in international markets will constrain employment growth to 1.8 per cent in 2004 and keep the unemployment rate above 9 per cent. With continued rises in net migration, low interest rates and still tight housing markets, residential construction in Quebec will reach 49,500 starts in 2004, and 43,000 in 2005.

Quebec Starts (000's)



Source: CMHC

In Detail

Single Starts: Rising employment levels, continued low mortgage rates, strong consumer confidence, and tight resale markets will continue to drive demand for new single detached homes and sustain construction in this market segment at levels seen during the past year. Current demand for single-detached housing will translate into 27,500 starts in 2004 and decline to 25,000 starts in 2005.

Multiple Starts: Following two years of strong growth, multiple housing construction in Quebec will begin to decrease in 2004. However, multiple starts will remain near current levels for the next 3 to 6 months as demand for condos and seniors residences continues to be strong and rental markets remain tight. As a result, multi-family starts are expected to reach 22,000 units in 2004 and 18,000 units in 2005.

Resales: Inventories will begin to rise in 2004. This, combined with low mortgage rates and robust demand for resales, should make for a slight increase in sales in 2004. Transactions should edge up to approximately 75,000 units in 2004 and come down to 71,000 the following year.

Prices: With inventories beginning to increase and demand remaining relatively constant, price growth in the existing home market is expected to slow in 2004. However, sellers' market conditions will persist causing the average price to increase by 10.1 per cent to $165,000 in 2004 and by 4.2 per cent to $172,000 in 2005.

Provincial Highlight

Migration is a key for understanding the recent dynamics of Quebec housing markets. To begin with, the province's total net migration has seen a significant increase in recent years. After a steady decline through most of the 1990s (total net migration reached a low of - 2300 in 1997), a more prosperous Quebec economy started to attract migrants once again. As both net international migration increased and net inter-provincial migration decreased, total yearly balances started rising again, approaching 30,000 people last year. As migrants tend to be renters in the first years following a move, this situation is among the main contributors to the provinces' tight rental markets.

Less spoken of is inter-regional migration, which in the case of Quebec is a phenomenon that has also grown in the past few years. According to the province's statistical agency, an estimated 217,000 persons changed regions during 2003. While the effect of inter-regional migration is not as obvious, it can be safely inferred that the phenomenon does generate some additional housing demand.

Contact : Kevin Hughes (514) 283-4488, khughes@cmhc-schl.gc.ca

New Brunswick

Overview

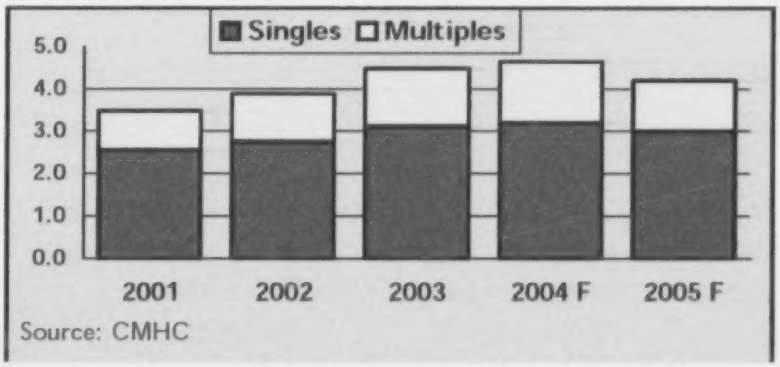
Economic growth to improve modestly in 2004

After no growth in 2003, employment is expected to rise slightly by one per cent in 2004. Job growth and improving auto insurance premiums should stimulate consumer spending somewhat in 2004. Tourism will also bounce back in 2004, following the dampening impact of SARS last year. Solid oil and frozen food markets will create some positive economic momentum for the province.

Major capital projects such as the twinning of the Trans-Canada Highway and the conversion of the Coleson Cove Generating Station will continue to fuel economic growth in 2004. The refurbishment of the Point Lepreau nuclear power plant and the construction of a liquified natural gas facility could also contribute to economic growth, as these projects remain under active consideration in 2004. However, New Brunswick is heavily dependent on manufacturing activity, which will most likely suffer in 2004 because of the strong Canadian dollar. As a result, expect the provincial economy to grow by a modest 2.2 per cent in 2004.

Despite modest economic growth, relatively low rental vacancies, low mortgage rates and continuing intra-provincial migration to southern urban areas will continue to fuel residential construction in 2004. Our current forecast indicates that total housing starts should reach a high of 4,625 units in 2004, before dropping to 4,200 in 2005.

New Brunswick Starts (000's)



Source: CMHC

In Detail

Single Starts: Mortgage rates are low and not expected to increase until late this year. Near record low mortgage rates combined with a shortage of inventory of unabsorbed units will fuel construction of single-detached homes this year with starts rising to 3,200 units. In 2005, rising construction costs and active listings on the resale market will cause single starts to decline to 3,000 units.

Multiple Starts: Despite rising vacancies in the majority of the province's larger urban centres, developers will continue to take advantage of low borrowing costs resulting in an increase in multi-unit dwellings to 1,425 units in 2004. Construction activity will begin to decline in 2005, once interest rates start to rise and vacancy rates in some of New Brunswick's larger rental markets increase. Multiple starts in 2005 will fall to 1,200 units.

Resales: Lower mortgage rates and an increasing supply of existing homes available for sale will cause a burst of activity by both first-time and move up buyers. Consequently, expect MLS® sales to reach record levels in both 2004 and 2005. MLS® sales will expand by 7.9 per cent (to 5,925 units) in 2004 and 5.9 per cent (6,275 units) in 2005.

Prices: A rise in listings should ease the pressure on the currently tight resale market. However, in 2004, this will be offset by potential homebuyers continuing to take advantage of low mortgage rates to purchase larger, more expensive homes. As a result, expect the average MLS® price to continue to rise over the forecast period with prices rising 5.8 per cent (to $112,000) in 2004 slowing to 2.7 per cent ($115,000) in 2005.

Provincial Highlight

After 25 years of growth, the province's population dwindled marginally to 729,498, according to the 2001 census. This represents a 1.2 per cent decline since the province's population peaked at 738,133 following the 1996 census. New Brunswick's rate of natural population growth fell by more than 50 per cent in the five-year period ending in 2001. The overall population drop is also due to high levels of out-migration. Between 1996 and 2001, New Brunswick suffered a net migration loss of more than 5,000 people, the majority of them in the 15-24 age group.

As a result, population growth in the future is very unlikely. Sustained net population outflows combined with weaker employment growth would have a negative impact on the provincial economy in the long term, affecting residential construction in particular.

Contact: Benoit Champoux (506) 851-2742, bchampou@cmhc-schl.gc.ca

Nova Scotia

Overview

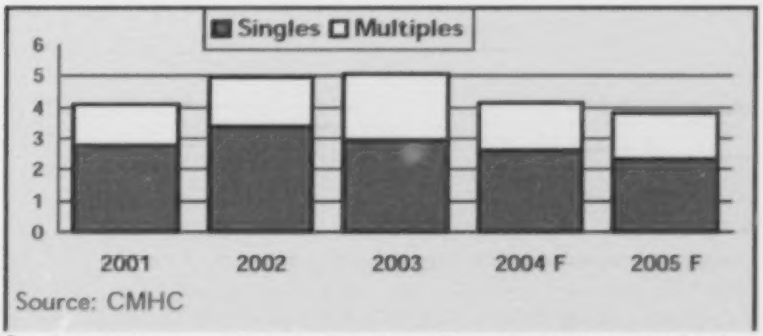
Descending from the peak

With the exception of renovation, virtually all sectors of the provincial housing market are slowing from the exceptional pace of activity experienced in 2002-2003. Over the next two years, housing markets in the province are expected to continue to post annual declines in sales, starts and completions. While these declines will be significant, they fall from a lofty peak, therefore MLS® sales and housing starts in 2004 and 2005 will remain near the annual average over the past decade.

Continuing tepid employment growth and rising mortgage rates next year will be the main factors in the contraction in housing demand. Activity will also be limited by supply shortages in key sectors of the Halifax market including building lots and resale market listings. Fiscal belt tightening is clearly the order of the day in Nova Scotia which means that significant public sector investment in the economy is unlikely. The exception to this of course, is the Halifax Harbour Clean-Up Project as well as the potential for other infrastructure projects arising from recent announcements in the federal budget. Notwithstanding these projects, capital investment is expected to remain sluggish and consumers more deliberate in their spending through 2005.

Total housing starts in Nova Scotia are forecast to fall almost 1,000 units from 5,096 last year to 4,125 this year and slip below the 4,000 mark in 2005 at 3,825 starts. Declines will be widespread across all structure types, but will be most sharp in apartment and single detached units.

Nova Scotia Starts (000's)



Source: CMHC

In Detail

Single Starts: Successive declines in annual single detached starts are forecast for 2004 and 2005. Rising construction costs will continue to influence more developers and builders in Halifax to deliver new home product under the $200,000 mark in the form of semi-detached and row units rather than singles. In the small urban and rural areas of Nova Scotia, softening labour markets will result in weaker home ownership demand, also contributing to the double digit declines in provincial single starts in 2004 and 2005.

Multiple Starts: After surpassing the 2,000 unit mark last year, a decline in multiple unit starts is almost inevitable over the forecast horizon. All segments of the multiple unit sector will post lower levels of starts in 2004 and 2005, but the sharpest drop will be in apartment units in 2004. With over 2,300 rental apartments and condominiums started in Halifax over the past two years and housing demand softening, developers are expected to pause and closely observe absorption trends of these units before initiating new projects.

Resales: Existing home sales are expected to decline more modestly in 2004 and 2005 after falling 10 per cent (more than 1,000 sales) in 2003. Weakening home ownership demand will be the main reason for this decline but a chronic shortage of MLS® listings in Halifax- particularly below $175,000- will also limit sales in 2004 as potential first time buyers face a scarcity of options.

Prices: The short supply of existing homes, building lots and construction trades labour will all contribute to continued real price growth, particularly in a low inflation environment. Consequently, expect MLS® price growth of 4.9 per cent this year and 2.1 per cent in 2005. New single detached house prices will grow by 7 per cent and 6 per cent in 2004 and 2005, respectively.

Provincial Highlight

On January 22, 2004, Halifax Regional Municipality was granted by the Province of Nova Scotia a 90 day moratorium on approvals of new large-scale housing developments in most unserviced areas. HRM is pursuing an extension of these interim growth controls on unserviced development for a period of up to 18 months to avoid accelerated unplanned development while it completes its Regional Planning process.

In recent years approximately 50 per cent of single detached housing starts in HRM have occurred in unserviced areas, so the potential impacts of this policy on the market may be significant. Once a final decision is reached by HRM on interim growth controls in mid April, the market impacts will be thoroughly analyzed.

Contact: David McCulloch (902) 426-8465, dmccullo@cmhc-schl.gc.ca

P.E.I.

Overview

Starts to remain strong in 2004

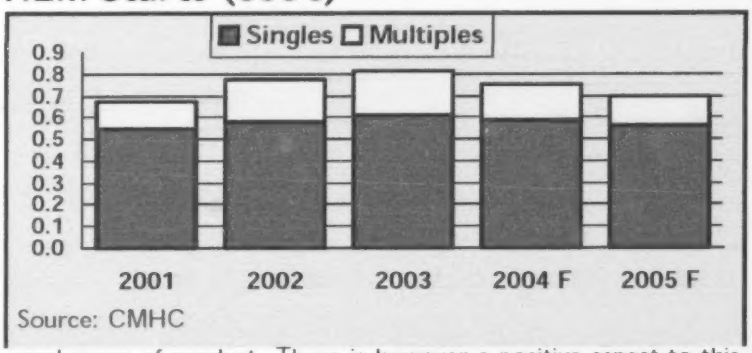
The Island is facing a number of economic challenges heading into 2004, after 1.9 per cent economic growth in 2003. The tourism sector failed to record growth in 2003, and actually posted a decrease for the third year in a row. This is mainly attributed to the rising Canadian dollar, which is prompting many to head south of the border for their vacation. Also, the number of tourists from the US has dropped again, due to security concerns and the rising dollar which is making the area less attractive. These trends are expected to continue into 2004, and as a result the tourism sector is not expected to contribute as strongly to the Island's economic growth over the forecast period.

The agriculture sector has been hit hard with both the BSE concern, and a surplus of potatoes from the 2003 growing season. The potato issue is of concern as it has left many of the Island's farmers with warehouses of product. There is however a positive aspect to this situation, as there is now ample product available for the Island's food processing plants. This should allow processors to increase their volumes, without having to import any raw materials.

On the positive side the Island has some major projects scheduled to start in 2004, the largest being the new federal government building in Charlottetown.

Housing starts are expected to remain strong this year as a result of the continued strength of single starts in the Charlottetown area, as well as a pick-up in multiple starts in Summerside. Housing starts are expected to decline slightly in 2004 with total starts reaching a level of 750, down from 814 in 2003. Starts will decrease further to 700 units in 2005.

P.E.I. Starts (000's)



Source: CMHC

In Detail

Single Starts: The construction of single-family homes is expected to remain strong with 590 units in 2004, a decline of only 23 units from 2003. Construction will occur mainly in the Charlottetown area, as a large number of new serviced lots will become available this year. Single starts will decrease to 565 units in 2005.

Multiple Starts: Following two years of growth in multiple starts, a slight decrease is expected in 2004, as developers allow the existing projects to be fully absorbed into the local market. In 2004 and 2005 multiple starts will reach 160 units and 135 units, respectively, down from 201 in 2003. It is also interesting to note that Summerside is expected to see a number of large apartment style buildings started for the first time in 10 years.

Resales: MLS sales have remained close to the 1,200 mark in PEI for the last five years. This level of sales is expected again in 2004 and 2005, despite continuing strong demand for existing homes. The main reason for stability in sales has been the low levels of new listing in the key urban markets.

Prices: The continued strong demand for existing homes in the urban areas of the province and for recreational properties (which tend to be more expensive) combined with a low level of listings will cause the average MLS resale price to rise to $101,500 this year (up 2.1 per cent) and to $102,500 in 2005.

Provincial Highlight

After ten years of little multiple construction activity in the Summerside area, developers have decided the time is right for building new units. Currently the area has very few high-end units aimed at the empty-nester market, compared to Charlottetown where there has been strong growth in the past 5 years. Also, the apartment vacancy rate in Summerside is at a ten year low.

The proposed projects are similar to what has already been built in Charlottetown. These include large two bedroom units, with amenities such as five appliances, hardwood and ceramic floors and underground parking. There is also the possibility of a condominium project being started this year which would be a first for this part of the province.

Contact: Jason Beaton (506) 851-6047, jbeaton@cmhc-schl.gc.ca

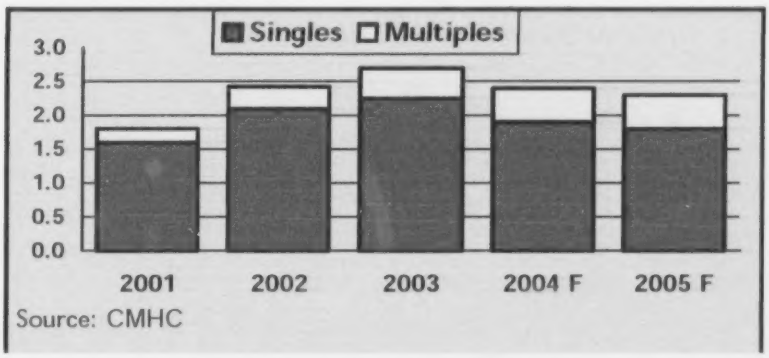
Newfoundland and Labrador

Overview

Government Cutbacks and Reduced Oil Production Dampen Economic and Housing Outlook

Deficit reduction measures set down by the provincial government in its March 23rd budget have significant implications and will dampen economic and housing market performance over the forecast period. While direct impacts will be almost immediate, increased expenditures on both the Voisey's Bay and White Rose projects will help to cushion the blow on the province's economy in 2004. The cloud of uncertainty created by these cutbacks will also erode business and consumer confidence, at least over the short-term. These conditions, combined with an expected wage freeze for provincial government employees will moderate gains in consumer spending and temper growth in GDP to 1.5 per cent in 2004. Economic prospects for 2005 are even dimmer as development activity on both the Voisey's Bay and White Rose projects starts to wind down and oil production declines further. When coupled with provincial government cutbacks, GDP is forecast to decline by 1.0 per cent in 2005 ending an eight year run of impressive growth. The pace of employment growth will also drift lower posting gains of 0.7 per cent this year and 0.5 per cent in 2005. With activity on the province's two major projects slowing down and government expenditures on the decline, the net loss of people to other parts of Canada will continue. While housing markets will be adversely affected by these underlying constraints, the continuation of low interest rates will limit declines in home buying activity.

Newfoundland and Labrador Starts (000's)



Source: CMHC

In Detail

Single Starts: Waning consumer confidence, rising prices, an ongoing shift to more affordable medium density housing options and increased choice in the existing homes market will dampen single starts activity this year and next. While single starts will slow from recent levels, they will remain strong when compared to most of the last decade.

Multiple Starts: The recovery in the multiples market which began in 2000 will continue and remain broad based. An active condominium market, further gains in single homes with basement apartments and growing demand for affordably priced row and semi-detached dwellings will underpin the sustained recovery. As the Federal/Provincial Affordable Housing Program moves into higher gear, a modest recovery in rental units is also anticipated.

Resales: Following five consecutive years of record breaking activity, provincial MLS® sales are also forecast to decrease in both 2004 and 2005. However, the continuation of low interest rates will maintain home buying activity at healthy levels and moderate the overall decline. The drop in MLS® sales will also be tempered by a steady increase in the number of newly constructed homes being sold through the system.

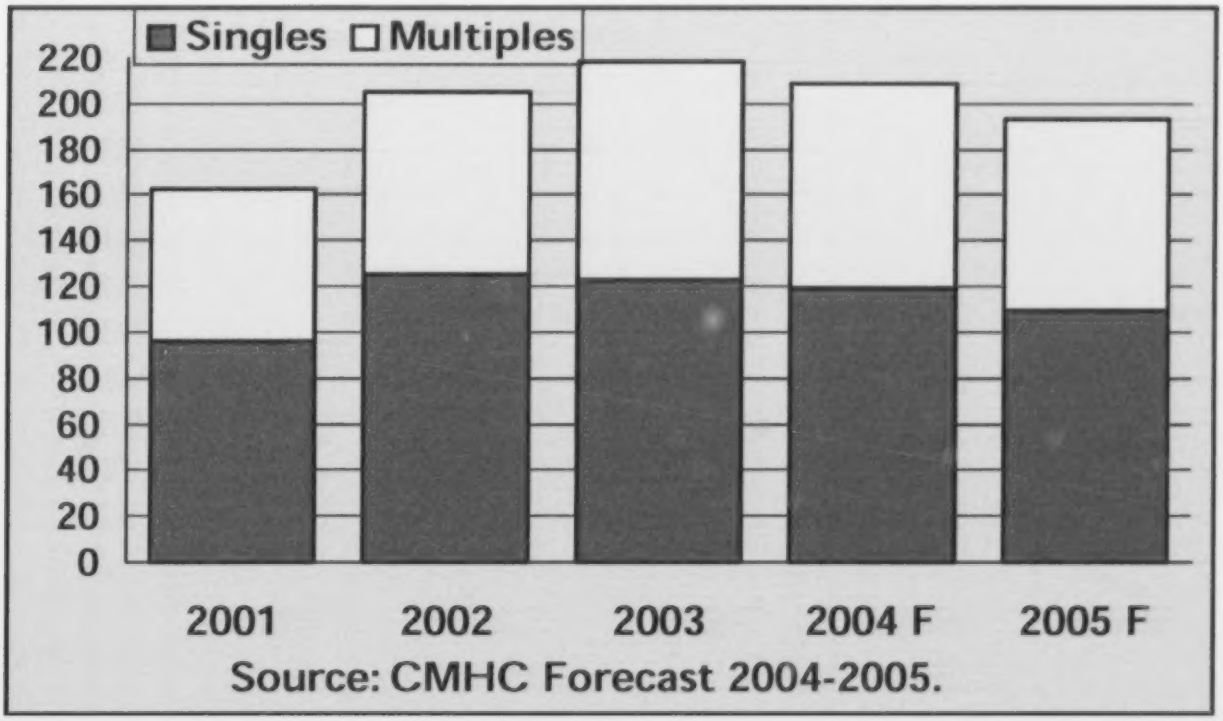
Prices: Strong demand from move-up buyers and sales of new homes through the MLS® system will continue to place upward pressure on the average MLS® house price. These conditions will push the average price up around 7.0 per cent in 2004. With sales easing and the supply of listings on the rise, growth in the average price will slow to around 5.0 per cent next year.

Provincial Highlight

Between June 30, 2002 and July 1, 2003 the province's population posted a net gain of 300 persons marking the first such increase in over a decade. While natural population change was partly responsible for this turnaround, the major factor stemmed from a substantial improvement in migration flows. Although the net gain in migration was only a mere 77 persons, it was a remarkable performance when compared to previous five year period when net migration averaged a net loss of just over 7,000 persons per year. Strong economic growth at home compared to other parts of the country is viewed as a key reason for the improved migration picture in recent years. As economic conditions deteriorate and natural changes in the population turn negative, this growth will be short lived with modest population declines predicted in coming years. The St. John's region is expected to buck this trend with its population expected to gradually increase over the next decade.

Contact: Brian Martin (709) 772-4034, bmartin@cmhc-schl.gc.ca

Canada Starts (000's)



Source: CMHC Forecast 2004-2005.

Total Housing Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004(F)	2005 (F)
NFLD	1,371	1,459	1,788	2,419	2,692	2,400	2,300
%	-5.4	6.4	22.5	35.3	11.3	-10.8	-4.2
PEI	616	710	675	775	814	750	700
%	17.6	15.3	-4.9	14.8	5.0	-7.9	-6.7
NS	4,250	4,432	4,092	4,970	5,096	4,125	3,825
%	35.5	4.3	-7.7	21.5	2.5	-19.1	-7.3
NB	2,776	3,079	3,462	3,862	4,489	4,625	4,200
%	13.4	10.9	12.4	11.6	16.2	3.0	-9.2
QUE	25,742	24,695	27,682	42,452	50,289	49,500	43,000
%	11.3	-4.1	12.1	53.4	18.5	-1.6	-13.1
ONT	67,235	71,521	73,282	83,597	85,180	77,000	71,000
%	24.9	6.4	2.5	14.1	1.9	-9.6	-7.8
MAN	3,133	2,560	2,963	3,617	4,206	4,000	3,780
%	8.2	-18.3	15.7	22.1	16.3	-4.9	-5.5
SASK	3,089	2,513	2,381	2,963	3,315	3,050	3,150
%	4.2	-18.6	-5.3	24.4	11.9	-8.0	3.3
ALTA	25,447	26,266	29,174	38,754	36,171	33,050	29,550
%	-6.2	3.2	11.1	32.8	-6.7	-8.6	-10.6
BC	16,309	14,418	17,234	21,625	26,174	30,000	30,700
%	-18.2	-11.6	19.5	25.5	21.0	14.6	2.3
Canada	149,968	151,653	162,733	205,034	218,400	*208,500	*192,200
%	9.1	1.1	7.3	26.0	6.5	-4.5	-7.8

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	1,233	1,315	1,598	2,092	2,240	1,900	1,800
%	13.5	6.7	21.5	30.9	7.1	-15.2	-5.3
PEI	472	614	551	582	613	590	565
%	22.0	30.1	-10.3	5.6	5.3	-3.8	-4.2
NS	3,345	2,856	2,761	3,363	2,968	2,600	2,350
%	48.2	-14.6	-3.3	21.8	-11.7	-12.4	-9.6
NB	2,201	2,442	2,573	2,769	3,139	3,200	3,000
%	10.7	10.9	5.4	7.6	13.4	1.9	-6.3
QUE	15,798	15,349	17,193	25,257	27,225	27,500	25,000
%	7.6	-2.8	12.0	46.9	7.8	1.0	-9.1
ONT	39,421	41,087	39,632	51,114	47,610	45,000	39,500
%	20.4	4.2	-3.5	29.0	-6.9	-5.5	-12.2
MAN	2,231	2,348	2,460	3,016	3,165	3,150	3,000
%	-5.8	5.2	4.8	22.6	4.9	-0.5	-4.8
SASK	2,070	1,890	1,627	1,931	2,097	2,100	2,100
%	-3.9	-8.7	-13.9	18.7	8.6	0.1	0.0
ALTA	16,688	16,835	19,769	24,520	21,918	20,000	19,000
%	-16.9	0.9	17.4	24.0	-10.6	-8.8	-5.0
BC	8,731	7,448	7,862	10,730	12,252	13,325	13,700
%	0.5	-14.7	5.6	36.5	14.2	8.8	2.8
CAN	92,190	92,184	96,026	125,374	123,200	*119,400	*110,000
%	6.7	0.0	4.2	30.6	-1.7	-3.1	-7.9

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	138	144	190	327	452	500	500
%	-62.1	4.3	31.9	72.1	38.2	10.6	0.0
PEI	144	96	124	193	201	160	135
%	5.1	-33.3	29.2	55.6	4.1	-20.4	-15.6
NS	905	1,576	1,331	1,607	2,128	1,525	1,475
%	2.8	74.1	-15.5	20.7	32.4	-28.3	-3.3
NB	575	637	889	1,093	1,350	1,425	1,200
%	25.5	10.8	39.6	22.9	23.5	5.6	-15.8
QUE	9,944	9,346	10,489	17,195	23,064	22,000	18,000
%	17.6	-6.0	12.2	63.9	34.1	-4.6	-18.2
ONT	27,814	30,434	33,650	32,483	37,570	32,000	31,500
%	31.9	9.4	10.6	-3.5	15.7	-14.8	-1.6
MAN	902	212	503	601	1,041	850	780
%	71.2	-76.5	137.3	19.5	73.2	-18.3	-8.2
SASK	1,019	623	754	1,032	1,218	950	1,050
%	25.6	-38.9	21.0	36.9	18.0	-22.0	10.5
ALTA	8,759	9,431	9,405	14,234	14,253	13,000	11,750
%	24.3	7.7	-0.3	51.3	0.1	-8.8	-9.6
BC	7,578	6,970	9,372	10,895	13,922	16,675	17,000
%	-32.6	-8.0	34.5	16.3	27.8	19.8	1.9
CAN	57,778	59,469	66,707	79,660	95,200	*89,100	*83,400
%	13.3	2.9	12.2	19.4	19.5	-6.4	-6.4

Source: CMHC Forecast 2004-2005.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type (Units)

		1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NF	Semi-detached	50	44	30	36	66	140	100
	Row	9	23	36	42	107	110	100
	Apartment	79	77	124	249	279	250	300
	Total	138	144	190	327	452	500	500
PEI	Semi-detached	32	46	56	64	72	40	35
	Row	31	21	10	47	40	20	25
	Apartment	81	29	58	82	89	100	75
	Total	144	96	124	193	201	160	135
NS	Semi-detached	218	266	228	253	338	275	225
	Row	29	17	40	144	277	250	225
	Apartment	658	1,293	1,063	1,210	1,513	1,000	1,025
	Total	905	1,576	1,331	1,607	2,128	1,525	1,475
NB	Semi-detached	134	113	114	186	254	275	250
	Row	94	26	153	68	143	150	150
	Apartment	347	498	622	839	953	1,000	800
	Total	575	637	889	1,093	1,350	1,425	1,200
QC	Semi-detached	1,586	1,291	1,309	1,855	2,432	2,500	2,200
	Row	1,184	858	869	964	773	1,000	800
	Apartment	7,174	7,197	8,311	14,376	19,859	18,500	15,000
	Total	9,944	9,346	10,489	17,195	23,064	22,000	18,000
ON	Semi-detached	6,445	7,167	7,106	6,886	6,379	5,950	5,800
	Row	10,425	10,846	10,269	11,849	12,191	12,550	12,700
	Apartment	10,944	12,421	16,275	13,748	19,000	13,500	13,000
	Total	27,814	30,434	33,650	32,483	37,570	32,000	31,500
MAN	Semi-detached	90	52	51	68	88	80	70
	Row	151	63	84	76	62	70	60
	Apartment	661	97	368	457	891	700	650
	Total	902	212	503	601	1,041	850	780
SK	Semi-detached	155	148	116	142	95	120	150
	Row	104	173	240	456	594	200	300
	Apartment	760	302	398	434	529	630	600
	Total	1,019	623	754	1,032	1,218	950	1,050
ALB	Semi-detached	1,570	1,518	1,957	2,869	2,567	2,400	2,200
	Row	1,424	1,545	1,779	2,531	2,859	2,400	2,100
	Apartment	5,765	6,368	5,669	8,834	8,827	8,250	6,250
	Total	8,759	9,431	9,405	14,234	14,253	13,050	10,550
B.C.	Semi-detached	816	885	916	1,225	1,353	1,430	1,450
	Row	1,444	1,675	1,686	2,305	3,297	3,900	4,000
	Apartment	5,318	4,410	6,770	7,365	9,272	11,345	11,550
	Total	7,578	6,970	9,372	10,895	13,922	16,675	17,000
CAN	Semi-detached	11,096	11,530	11,883	13,584	13,644	13,210	12,480
	Row	14,895	15,247	15,166	18,482	20,343	20,650	20,460
	Apartment	31,787	32,692	39,658	47,594	61,212	55,275	49,250
	Total	57,778	59,469	66,707	79,660	95,200	*89,100	*83,400

Source: CMHC Forecast 2004-2005.
* Total does not add due to rounding.

Total Residential Resales (units and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	2,437	2,593	2,808	3,014	3,238	3,100	3,000
%	6.5	6.4	8.3	7.3	7.4	-4.3	-3.2
PEI	1,184	1,206	1,234	1,221	1,146	1,200	1,200
%	5.2	1.9	2.3	-1.1	-6.1	4.7	0.0
NS	8,827	8,577	9,441	10,243	9,221	8,825	8,600
%	9.6	-2.8	10.1	8.5	-10.0	-4.3	-2.5
NB	4,376	4,524	4,779	5,089	5,489	5,925	6,275
%	12.0	3.4	5.6	6.5	7.9	7.9	5.9
QUE	49,792	54,160	62,351	71,696	72,347	75,500	71,000
%	10.2	8.8	15.1	15.0	0.9	4.4	-6.0
ONT	148,659	147,158	162,318	177,406	184,457	185,000	176,000
%	7.4	-1.0	10.3	9.3	4.0	0.3	-4.9
MAN	10,867	10,612	11,440	11,108	11,523	11,600	11,800
%	1.0	-2.3	7.8	-2.9	3.7	0.7	1.7
SASK	8,053	7,552	7,971	7,933	7,698	8,000	7,700
%	-0.2	-6.2	5.5	-0.5	-3.0	3.9	-3.8
ALTA	42,684	43,311	48,989	51,042	51,334	50,000	49,000
%	-1.6	1.5	13.1	4.2	0.6	-2.6	-2.0
BC	58,084	54,179	69,554	82,737	93,095	89,200	85,000
%	9.8	-6.7	28.4	19.0	12.5	-4.2	-4.7
CAN**	334,963	333,872	380,885	421,489	439,548	*438,400	*419,600
%	6.6	-0.3	14.1	10.7	4.3	-0.3	-4.3

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2004-2005.
(E) Estimate (F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Average Residential Resale Price (dollars and annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	94,359	99,525	104,376	113,081	119,822	128,000	134,000
%	3.1	5.5	4.9	8.3	6.0	6.8	4.7
PEI	82,138	82,884	87,696	95,117	99,422	101,500	102,500
%	3.2	0.9	5.8	8.5	4.5	2.1	1.0
NS	102,628	109,839	115,485	126,669	136,292	143,000	146,000
%	5.8	7.0	5.1	9.7	7.6	4.9	2.1
NB	88,072	91,624	95,947	100,129	105,858	112,000	115,000
%	2.5	4.0	4.7	4.4	5.7	5.8	2.7
QUE	107,501	110,428	114,506	128,379	149,821	165,000	172,000
%	3.4	2.7	3.7	12.1	16.7	10.1	4.2
ONT	174,049	183,841	193,357	210,699	226,824	242,500	251,000
%	4.1	5.6	5.2	9.0	7.7	6.9	3.5
MAN	86,423	87,884	93,192	96,531	106,788	116,000	123,000
%	0.0	1.7	6.0	3.6	10.6	8.6	6.0
SASK	91,396	94,047	98,310	101,297	104,995	109,000	113,000
%	4.4	2.9	4.5	3.0	3.7	3.8	3.7
ALTA	139,621	146,258	153,737	170,253	182,845	194,000	204,000
%	5.1	4.8	5.1	10.7	7.4	6.1	5.2
BC	215,283	221,371	222,822	238,877	259,968	288,000	305,000
%	1.5	2.8	0.7	7.2	8.8	10.8	5.9
CAN**	158,180	163,895	171,586	187,852	206,223	*222,100	*231,500
%	3.8	3.6	4.7	9.5	9.9	7.7	4.2

Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2004-2005.
(E) Estimate (F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

Employment (annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	5.5	0.0	3.3	1.2	1.8	0.7	0.5
PEI	1.5	5.3	2.0	1.8	2.6	1.0	1.5
NS	2.4	2.7	0.9	1.2	1.7	1.2	1.3
NB	3.3	1.8	0.0	3.3	-0.2	1.0	1.5
QUE	2.3	2.4	1.1	3.4	1.6	1.8	2.3
ONT	3.6	3.2	1.5	1.8	2.6	1.8	2.3
MAN	1.3	2.2	0.6	1.6	0.3	1.0	1.3
SASK	0.8	1.0	-2.6	2.0	1.0	1.0	1.4
ALTA	2.5	2.8	2.8	2.6	2.9	2.4	2.2
BC	1.9	2.2	-0.3	1.6	2.5	2.0	2.0
CAN	2.8	2.6	1.1	2.2	2.2	1.9	2.1

Sources: Statistics Canada, CMHC Forecast 2004-2005.
(F) Forecast.

Unemployment Rate (percent)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	16.9	16.7	16.1	17.0	16.7	16.5	16.3
PEI	14.4	12.0	11.9	12.1	11.0	11.4	11.3
NS	9.6	9.1	9.7	9.7	9.3	9.5	9.6
NB	10.2	10.0	11.2	10.5	10.6	10.4	10.1
QUE	9.3	8.4	8.7	8.6	9.1	9.6	9.7
ONT	6.3	5.7	6.3	7.1	7.0	6.8	6.2
MAN	5.6	4.9	5.0	5.2	5.0	4.8	4.7
SASK	6.1	5.2	5.8	5.6	5.6	5.6	5.5
ALTA	5.7	5.0	4.6	5.3	5.1	5.0	4.9
BC	8.3	7.2	7.7	8.5	8.1	8.0	7.9
CAN	7.6	6.8	7.2	7.6	7.6	7.6	7.4

Sources: Statistics Canada, CMHC Forecast 2004-2005.
(F) Forecast.

Real Gross Domestic Product (annual percent change)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	5.5	5.8	0.9	15.4	6.5	1.5	0.5
PEI	4.2	3.0	0.2	5.7	1.9	1.5	2.0
NS	5.5	4.0	2.6	4.4	0.9	2.1	2.2
NB	6.2	3.1	1.0	4.0	2.6	2.2	2.7
QUE	6.2	4.7	1.8	4.0	1.6	3.0	3.2
ONT	7.5	5.6	1.8	3.6	1.3	2.8	3.4
MAN	1.6	4.6	1.2	2.1	1.4	2.5	2.4
SASK	0.2	3.2	-0.7	-1.5	4.5	3.2	2.9
ALTA	1.4	5.7	2.7	1.5	2.2	3.8	3.4
BC	3.2	4.8	-0.1	2.4	2.2	3.0	3.3
CAN	5.5	5.3	1.9	3.3	1.7	3.0	3.5

Sources: Statistics Canada, CMHC Estimate 2003, CMHC Forecast 2004-2005.
(F) Forecast.

Total Net Migration* (persons)

	1999	2000	2001	2002	2003	2004 (F)	2005 (F)
NFLD	-3,384	-4,725	-3,850	-1,950	233	-500	-750
PEI	366	20	329	321	617	500	500
NS	2,313	-564	-334	1,002	1,404	1,200	750
NB	35	-1,411	-1,331	410	-912	-100	300
QUE	10,983	14,848	26,557	25,925	28,743	31,000	30,800
ONT	109,972	151,099	158,339	125,674	92,347	100,500	101,000
MAN	820	-377	-973	2,442	3,873	5,600	5,700
SASK	-6,102	-7,648	-7,979	-6,324	-3,056	-2,900	-3,000
ALTA	27,793	34,012	36,820	27,084	20,446	24,200	25,400
BC	16,231	14,483	28,231	20,459	29,346	33,000	35,300
CAN**	159,027	199,737	253,809	195,043	173,040	*192,500	*196,000

Sources: Statistics Canada, CMHC Forecast 2004-2005.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS* sales	MLS* average price	Rental vacancy rate structures of 3 units +
Victoria	2003	2,008	969	7.8	7,581	280,625	1.1
	2004(F)	2,280	1,040	8.5	8,100	305,000	1.3
	2005(F)	2,165	1,020	5.0	7,900	309,000	--
Vancouver	2003	15,626	5,382	3.3	39,022	329,447	2.0
	2004(F)	16,600	5,700	5.0	40,000	362,000	2.3
	2005(F)	17,000	5,800	4.5	38,000	390,000	--
Abbotsford	2003	1,056	634	n.a.	3,647	n.a.	2.5
	2004(F)	1,230	710	n.a.	3,900	220,000	2.8
	2005(F)	1,300	750	n.a.	3,700	233,000	--
Edmonton	2003	12,380	6,391	5.8	16,277	165,541	3.4
	2004(F)	10,750	5,750	5.0	16,000	176,000	4.0
	2005(F)	9,300	5,500	3.0	15,800	181,500	--
Calgary	2003	13,642	8,526	5.2	24,359	211,155	4.4
	2004(F)	12,450	7,750	5.8	23,600	221,800	5.0
	2005(F)	11,600	7,400	5.0	23,000	231,500	--
Saskatoon	2003	1,455	676	2.9	2,848	125,191	4.5
	2004(F)	1,300	700	5.0	3,000	132,000	4.0
	2005(F)	1,400	700	4.0	3,200	138,000	--
Regina	2003	889	521	6.2	2,640	104,419	2.1
	2004(F)	700	500	6.0	2,800	108,000	3.0
	2005(F)	700	500	5.0	2,900	112,000	--
Winnipeg	2003	2,430	1,641	3.7	10,201	108,312	1.3
	2004(F)	2,250	1,600	4.0	10,200	119,000	1.4
	2005(F)	2,150	1,500	3.5	9,900	126,000	--
Thunder Bay	2003	210	200	1.0	1,662	111,927	3.3
	2004(F)	280	210	1.0	1,364	115,454	3.0
	2005(F)	300	250	1.5	1,439	118,918	--
Sudbury	2003	316	310	1.0	2,191	117,359	3.6
	2004(F)	330	320	1.0	2,301	121,006	3.3
	2005(F)	380	330	1.5	2,393	124,034	--
Windsor	2003	2,237	1,632	0.1	5,381	151,524	4.3
	2004(F)	2,185	1,550	0.2	5,500	156,000	4.5
	2005(F)	2,100	1,500	0.3	5,400	160,000	--
London	2003	3,027	1,893	4.7	8,412	153,637	2.1
	2004(F)	2,990	1,900	4.3	8,450	165,000	2.9
	2005(F)	2,385	1,650	2.5	7,750	169,000	--
Kitchener	2003	3,955	2,663	3.3	5,310	188,905	3.2
	2004(F)	3,879	2,400	3.7	5,400	200,000	3.2
	2005(F)	3,598	2,217	3.1	5,350	207,300	--
St. Catharines-Niagara	2003	1,444	1,154	4.9	6,176	n.a.	2.7
	2004(F)	1,580	1,200	4.5	6,450	165,500	2.9
	2005(F)	1,445	1,100	2.7	6,150	172,000	--
Hamilton	2003	3,260	1,743	6.3	12,809	197,744	3.0
	2004(F)	3,386	1,730	6.3	12,600	213,000	2.5
	2005(F)	3,583	1,635	6.5	12,900	231,000	
Toronto	2003	45,475	19,626	4.7	79,366	293,308	3.8
	2004(F)	40,000	20,000	4.5	80,000	308,000	4.5
	2005(F)	36,000	17,000	4.0	75,000	320,000	--

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS* sales	MLS* average price	Rental vacancy rate Structures of 3 units +
Oshawa	2003	3,907	3,074	n.a.	9,025	219,341	2.9
	2004(F)	3,492	2,800	n.a.	9,100	228,000	3.2
	2005(F)	3,260	2,500	n.a.	8,900	237,000	–
Kingston	2003	1,131	718	n.a.	3,651	159,694	1.9
	2004(F)	950	630	n.a.	3,700	170,000	2.0
	2005(F)	900	600	n.a.	3,800	176,000	–
Ottawa	2003	6,381	3,055	3.8	12,377	219,713	2.9
	2004(F)	6,200	2,700	2.5	12,600	235,000	2.7
	2005(F)	6,000	2,600	2.6	12,200	240,500	–
Gatineau*	2003	2,301	1,507	n.a.	4,602	129,933	1.2
	2004(F)	2,600	1,400	3.8	4,300	143,000	1.7
	2005(F)	2,300	1,250	3.0	4,000	150,000	–
Montreal*	2003	24,321	10,360	7.4	35,323	185,383	1.0
	2004(F)	26,000	10,150	7.0	37,000	208,000	1.5
	2005(F)	23,500	9,100	6.0	35,000	220,000	–
Trois Rivieres*	2003	635	346	n.a.	799	90,941	1.5
	2004(F)	550	300	n.a.	750	97,000	2.0
	2005(F)	490	260	n.a.	730	100,000	–
Sherbrooke*	2003	1,070	511	n.a.	1,291	117,000	0.7
	2004(F)	1,190	451	n.a.	1,250	131,000	1.0
	2005(F)	900	350	n.a.	1,100	133,600	–
Quebec*	2003	5,599	2,674	9.1	6,420	124,300	0.5
	2004(F)	6,000	2,300	6.0	6,800	135,000	1.0
	2005(F)	5,000	2,700	4.0	6,500	140,000	–
Chicoutimi Jonquiere*	2003	435	244	n.a.	1,014	94,625	5.2
	2004(F)	300	220	n.a	950	99,000	4.7
	2005(F)	290	200	n.a	850	103,500	–
Saint John	2003	580	405	2.9	1,636	106,473	5.2
	2004(F)	640	440	2.5	1,575	110,000	4.8
	2005(F)	615	425	2.0	1,525	112,500	–
Halifax	2003	3,066	1,483	4.1	5,813	162,486	2.3
	2004(F)	2,375	1,200	4.0	5,500	173,000	3.0
	2005(F)	2,325	1,100	3.6	5,400	176,500	–
St. John's	2003	1,604	1,213	4.4	3,119	121,292	2.0
	2004(F)	1,550	1,150	4.0	3,000	126,500	2.0
	2005(F)	1,500	1,050	3.0	2,900	129,000	–
Charlottetown	2003	483	310	1.0	506	118,188	3.4
	2004(F)	390	300	2.5	500	121,000	4.0
	2005(F)	375	275	2.0	500	123,000	–
ALL METRO AREAS	2003	161,423	79,861	4.8	313,956		2.2
	2004(F)	154,427	77,601	4.8	316,690		2.7
	2005(F)	142,861	71,262	4.2	304,187		–

Sources: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2004-2005
n.a.: data not available
* the data for Quebec is gathered from the local real estate boards
' New housing price index for 2003 is an estimate

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly percent change)

	02:Q2	02:Q3	02:Q4	03:Q1	03:Q2	03:Q3	03:Q4	04:Q1
New housing								
Building permits, units, thousands	218.5	221.1	214.4	210.4	215.5	232.0	232.0	n.a.
%	5.4	1.2	-3.0	-1.9	2.4	7.7	0.0	n.a.
Housing starts, total, thousands	199.7	204.3	210.9	220.9	202.2	229.2	226.2	225.5
%	-3.4	2.3	3.2	4.7	-8.5	13.4	-1.3	-0.3
Housing starts, singles, thousands	124.9	125.0	127.9	123.0	118.0	125.1	128.1	129.1
%	0.6	0.1	2.3	-3.8	-4.1	6.0	2.4	0.8
Housing starts, multiples, thousands	74.8	79.3	83.0	97.9	84.2	104.1	98.1	96.4
%	-9.4	6.0	4.7	18.0	-14.0	23.6	-5.8	-1.7
Housing completions, total, thousands	39.6	54.7	54.3	40.8	47.8	55.7	55.0	45.3
%	7.0	38.1	-0.7	-24.9	17.3	16.4	-1.2	-17.6
New house price index, 1997=100	110.9	111.9	113.4	114.6	115.9	117.3	119.0	n.a.
%	1.6	0.9	1.3	1.1	1.1	1.2	1.5	n.a.
Existing housing								
MLS* resales, units, thousands	419.0	401.0	409.5	417.3	421.5	470.8	446.3	n.a.
%	-8.2	-4.3	2.1	1.9	1.0	11.7	-5.2	n.a.
MLS* average resale price, $C thousands	187.6	187.6	193.2	200.0	202.8	208.0	214.1	n.a.
%	1.9	0.0	3.0	3.5	1.4	2.6	2.9	n.a.
Mortgage market								
1-year mortgage rate, per cent*	5.50	5.33	5.03	5.05	5.08	4.55	4.68	4.30
5-year mortgage rate, per cent*	7.37	6.85	6.80	6.63	6.20	6.28	6.45	5.85
Residential investment**								
Total, $1997 billions	56.4	58.4	59.9	60.3	60.5	63.2	64.6	n.a.
%	-0.8	3.6	2.5	0.7	0.4	4.4	2.3	n.a.
New, $1997 billions	27.8	29.5	30.6	30.1	29.6	30.8	32.2	n.a.
%	2.0	6.4	3.7	-1.8	-1.6	4.0	4.7	n.a.
Alterations, $1997 billions	20.4	20.7	21.0	21.8	22.5	22.9	23.4	n.a.
%	0.3	1.3	1.8	3.6	3.5	1.4	2.2	n.a.
Transfer costs, $1997 billions	8.2	8.3	8.2	8.5	8.5	9.5	9.1	n.a.
%	-10.5	0.3	-0.1	3.0	0.5	11.9	-4.7	n.a.
Deflator, 1997=100	113.2	113.2	114.8	115.7	117.0	118.9	120.0	n.a.
%	1.1	0.1	1.3	0.9	1.1	1.6	1.0	n.a.

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
n.a. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates .
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.